

# AM03

## Notice of administrator's proposals



Companies House

WEDNESDAY



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A21

28/03/2018

#13

COMPANIES HOUSE

### 1 Company details

Company number 0 4 9 5 1 0 2 5

Company name in full Adam & Baka Ltd

→ Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Howard

Surname Smith

### 3 Administrator's address

Building name/number KPMG LLP, 1 Sovereign Square

Street Sovereign Street

Post town Leeds

County/Region

Postcode L S 1 4 D A

Country

### 4 Administrator's name

Full forename(s) Jonathan Charles

Surname Marston

① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address

Building name/number KPMG LLP, 1 Sovereign Square

Street Sovereign Street

Post town Leeds

County/Region

Postcode L S 1 4 D A


Country

② Other administrator

Use this section to tell us about  
another administrator.

AM03  
Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	

7	Sign and date	
Administrator's Signature	<div>Signature ✕  ✕</div>	
Signature date	<div><div><sup>d</sup>2<sup>d</sup>3</div><div><sup>m</sup>0<sup>m</sup>3</div><div><sup>y</sup>2<sup>y</sup>0<sup>y</sup>1<sup>y</sup>8</div></div>	

# AM03

## Notice of Administrator's Proposals



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Emma Loten
Company name	KPMG LLP
Address	1 Sovereign Square Sovereign Street
Post town	Leeds
County/Region	
Postcode	L S 1 4 D A
Country	
DX	
Telephone	Tel +44 (0) 113 231 3575



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



### Important information

All information on this form will appear on the public record.



### Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)



# Joint Administrators' proposals

Adam & Baka Ltd - in  
Administration

23 March 2018

# Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.kpmg.co.uk/adam&baka>. We hope this is helpful to you.

**Please also note that an important legal notice about this statement of proposals is attached (Appendix 8).**



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# 1 Executive summary

- The Company was incorporated in November 2003 as a property company owning freehold land and buildings in Bradford, West Yorkshire.
- The Company was part of a group together with YPP Realisations Limited – in Administration and Global Halal Foods Limited – in Liquidation. Howard Smith and Jonny Marston are appointed over both of these entities (Section 2 – Background and events leading to the administration).
- The Company had an overdraft facility and a term loan with United National Bank Limited ('UNB'). UNB hold first ranking fixed and floating charges over the Company. The amount outstanding to UNB as at the date of appointment was approximately £3.0 million. It is currently anticipated that UNB will recover its indebtedness in full (Section 4 – Dividend prospects).
- The second ranking secured creditor and qualifying floating charge holder, Leo Group, served demand on the Company in respect of an outstanding debt of approximately £4.4 million. The Company was unable to pay this debt or to reach an agreement with Leo regarding settlement (Section 2 – Background and events leading to the administration).
- Accordingly, Leo Group appointed Howard Smith and Jonny Marston of KPMG LLP as Joint Administrators of the Company on 31 January 2018 (Section 2 - Background and events leading to the administration).
- Upon appointment, the Joint Administrators reviewed the Company's financial position and made the decision to trade the business in order to continue rent collection from current tenants (Section 3 - Strategy and progress of the administration to date).
- Based on current estimates, it is anticipated that Leo Group will suffer a shortfall in respect of its lending (Section 4 - Dividend prospects).
- Preferential claims comprise of employees' arrears of wages and holiday pay. The Company had no employees upon appointment, therefore the Joint Administrators are not aware of, and do not anticipate receiving, any preferential claims against the Company (Section 4 - Dividend prospects).
- Based on current estimates it is highly unlikely that there will be sufficient funds to enable a distribution to unsecured creditors (Section 4 - Dividend prospects).
- In order to minimise costs, and given that it is highly unlikely that there will be a distribution to unsecured creditors, the Joint Administrators' Proposals will be deemed approved upon expiry of eight business days from delivery of these Proposals (Section 5 – Approval of proposals).
- Approval of the Joint Administrators' remuneration, disbursements, pre-administration costs and discharge of liability will be sought with this report from the Secured Creditors (Section 6 - Joint Administrators' remuneration, disbursements and pre-administration costs).
- The Joint Administrators consider it prudent to retain all of the options available to us, as detailed in Section 7, to bring the administration to a close. However it is currently anticipated that the most likely exit route will be via dissolution (Section 7 - Ending the administration).

- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 8 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



Howard Smith  
Joint Administrator



## **2 Background and events leading to the administration**

### **2.1 Background information**

The Company was incorporated on 3 November 2003 and operated as a property company with freehold land and property in Bradford, West Yorkshire.

The Company had no employees as at the date of appointment, and had its registered office at premises in Harrogate.

The Company was part of a group of companies together with YPP Realisations Limited – in Administration and Global Halal Foods UK Limited – in Liquidation. Howard Smith and Jonny Marston are appointed over both of these entities.

### **2.2 Funding and financial position of the Company**

The Company was funded via an overdraft facility provided by UNB, which had an outstanding balance of £16,999 as at the date of appointment. The Company also had a term loan with UNB, which had an outstanding balance, including interest, of £3.0 million as at the date of our appointment.

UNB has first ranking security over the Company by virtue of a debenture and legal charges dated 20 May 2008, legal charges dated 18 August 2014, and a deed of priority dated 18 August 2014.

Leo Group has second ranking legal charges over the Company having acquired the security previously held by Cullingworth LLP (see Section 2.3 for further details). The amount outstanding to Leo Group as at the date of appointment was approximately £4.4 million.

### **2.3 Events leading to the administration**

As stated above, the Company was part of a group together with YPP Realisations Limited – in Administration and Global Halal Foods UK Limited – in Liquidation.

The business and assets of YPP Realisations Limited ('YPP') were acquired by Mosport Limited ('Mosport') as part of a pre-pack administration in December 2016. The main trading premises of YPP consisted of a factory building on Hammerton Street, Bradford which is owned by the Company, and which Mosport continued to trade from after acquiring the assets of YPP.

The Company is also related to Mosport by virtue of common directors and ultimate owners. The Company also provided cross guarantees in respect of Mosport's borrowing.

Following the acquisition of the business and assets from YPP, Mosport continued to trade with the support of Cullingworth LLP, the main supplier to the business. The debt owed by Mosport to Cullingworth LLP continued to accumulate in early 2017.

Following discussions between the two parties, an agreement could not be reached regarding ongoing supply and repayment of the debt owed to Cullingworth LLP. Accordingly,

in May 2017, Cullingworth LLP made the decision to sell its debt and assign its security to Leo Group.

*Subsequent meetings were held between Mosport and Leo Group regarding the outstanding debt. Following demand of repayment being served on Mosport, its directors handed control of the business and assets to Leo Group in August 2017 and Mosport ceased to trade.*

In January 2018, Leo Group formally demanded payment of the debt from the Company, pursuant to the cross guarantee provided over Mosport's lending. Payment of the debt could not be made by the Company and, as such, Leo Group appointed Howard Smith and Jonny Marston as Joint Administrators of the Company on 31 January 2018.

## **2.4 Pre-administration work**

Howard Smith met with Leo Group prior to the appointment in order to discuss the Company's financial position and the options available in respect of its lending.

The following work was carried out prior to our appointment with a view to placing the Company into administration:

- KPMG undertook discussions with Leo Group with a view to placing the Company into administration.
- liaising with key stakeholders regarding the administration, including UNB and Leo Group; and
- executing the relevant paperwork to place the Company into administration.

Time costs of £4,372 were incurred in relation to this work.

At the time of our appointment, we disclosed to the Court details of the work carried out by KPMG up to that time.

We are satisfied that the work KPMG carried out before our appointment has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

In addition, prior to our appointment total time costs of £15,141 were incurred by Womble Bond Dickinson (UK) LLP (our 'Lawyers') in respect of the following work:

- Advising on and preparing appointment documentation; and
- Advising on the appointment process and strategy including the validity of the security held over the Company and its assets.

## **2.5 Appointment of Joint Administrators**

Leo Group served the required notice on UNB, the prior ranking qualifying floating charge holder, of its intention to appoint administrators.

Leo Group, being the holder of a qualifying floating charge, subsequently lodged the notice of appointment at the Court on 31 January 2018 and we were duly appointed.

## **3 Strategy and progress of the administration to date**

### **3.1 Strategy to date**

#### Strategy

Following our appointment, we reviewed the Company's financial position to determine whether it would be feasible to continue trading and whether this would increase the realisations available for the Company's creditors.

Given the nature of the business, the Joint Administrators made the decision to trade the business in order to collect rent from the current tenants whilst a strategy was developed to realise the assets of the business.

#### Trading

The initial strategy has been to obtain and review the current leases in place at the Company's properties.

The Joint Administrators have appointed Revive Asset Limited (our 'Agents') to assist with the management of the Company's properties. This has involved:

- collecting rent from tenants and ensuring adherence to the terms of the leases;
- requesting copies of leases from tenants, where applicable;
- considering the strategy where formal leases are not in place; and
- advising the Joint Administrators of any ongoing issues at the sites.

Discussions are ongoing regarding the overall strategy for the administration and the realisation of the Company's property assets.

### **3.2 Asset realisations**

Realisations from the date of our appointment to 21 March 2018 are set out in the attached receipts and payments account (Appendix 2) and are summarised below.

#### Rent

During the period, we have received rent of £29,668 from the tenants of the properties, which has been allocated as a fixed charge realisation. We are currently working to establish the level of rental arrears outstanding at the date of our appointment, and to put in place a strategy for the ongoing collection of rents.

We sought guidance from our Lawyers as to whether rent received during the course of the administration would be subject to a fixed or floating charge under the terms of the security in place. Based on the current legal advice provided, rent received is subject to a fixed charge, up to a maximum of £30,000 per month. However, we continue to seek legal advice on this point, and will provide further clarification in future reports as it is available.

In addition, rent totalling £500 has been allocated as a floating charge realisation, which is *due to a tenant making payment to the incorrect bank account. This will be transferred to the fixed charge bank account in due course, and reallocated as a fixed charge realisation in due course, and will be noted as such in our next report.*

#### Investigations

We are reviewing the affairs of the Company establish if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Emma Loten at KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA United Kingdom.

### 3.3 Costs

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

Payments made from the date of our appointment to 21 March 2018 are set out in the attached receipts and payments account (Appendix 2) and are summarised below.

#### Loan to floating account

A loan of £559 has been made from fixed realisations to the floating account in order to pay the costs detailed below.

#### Redirection of mail

During the period costs of £303 have been incurred for redirecting the Company's mail.

#### Statutory advertising

Costs of £213 have been paid in the period for advertising the appointment of the Joint Administrators.

#### Irrecoverable VAT

A total of £43 of VAT has been paid in the period which we do not anticipate to be recoverable from HMRC as we understand that the Company is not registered for VAT purposes.

## **4 Dividend prospects**

### **4.1 Secured creditors**

United National Bank

UNB has the benefit of first ranking fixed and floating charges over the Company and its assets by virtue of a debenture and legal charges dated 20 May 2008, legal charges dated 18 August 2014, and a deed of priority dated 18 August 2014.

The total amount outstanding to UNB as at the date of appointment was approximately £3.0 million. It is currently anticipated that UNB will recover its indebtedness in full.

Leo Group

Leo Group has the benefit of second ranking fixed and floating charges over the Company and its assets by virtue of a debenture dated 11 March 2016, acquired from Cullingworth LLP in May 2017.

We understand that the amount outstanding to Leo Group as at the date of appointment was approximately £4.4 million. Based on current estimates, it is anticipated that Leo Group will suffer a shortfall in respect of its lending.

### **4.2 Preferential creditors**

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

The Company had no employees and therefore we do not anticipate any preferential claims against the Company.

### **4.3 Unsecured creditors**

As per our current estimates detailed in Appendix 6, we are currently uncertain of the level of unsecured claims against the Company.

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors.

## **5 Ending the administration**

### **5.1 Exit route from administration**

We consider it prudent to retain all of the options available to us, as listed in Section 8 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be liquidation.

### **5.2 Discharge from liability**

We propose to seek approval from the Secured Creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to obtain discharge from liability

## **6 Approval of proposals**

### **6.1 Deemed approval of proposals**

The administrators' proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has insufficient property to enable us to make a distribution to the unsecured creditors.

On expiry of eight business days from the date our proposals are delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of creditors request that a decision procedure is convened. Further details of the steps to convene a procedure are detailed below.

### **6.2 Creditors' right to request a decision**

We will use a decision making procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, please complete and return the decision requisition form attached to the cover letter.

## 7 Joint Administrators' remuneration, disbursements and pre-administration costs

### 7.1 Approval of the basis of remuneration and disbursements

We propose to seek approval from the Secured Creditors that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

Agreement to the basis of our remuneration and the drawing of Category 2 disbursements is subject to specific approval. It is not part of our proposals.

Should the circumstances of the administration change, we reserve the right to revert to the unsecured creditors in order to seek approval for the basis of remuneration and the drawing of Category 2 disbursements.

#### Time costs

From the date of our appointment to 16 March 2018, we have incurred time costs of £72,624. These represent 224 hours at an average rate of £325 per hour.

#### Disbursements

We have incurred disbursements of £13 during the period. None of these have yet been paid.

#### Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 16 March 2018. We have also attached our charging and disbursements recovery policy.

### 7.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 2:

Pre-administration costs			
	Paid (£)	Unpaid (£)	Total (£)
KPMG time costs	NIL	9,472	9,472
Solicitors time costs	NIL	15,141	15,141
<b>Total</b>	<b>NIL</b>	<b>24,613</b>	<b>24,613</b>



The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

## 8 Summary of proposals

As the Company was unable to pay its debts as and when they fell due and had insufficient assets to discharge its liabilities, rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes *our proposals*.

We propose the following:

### General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

### Distributions

- to make distributions to the Secured Creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

### Ending the administration

We might use any, or a combination, of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that Howard Smith and David Costley-Wood be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing Howard Smith and David Costley-Wood as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose that (for which separate approval will be sought from the fixed charge creditors):

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5;
- unpaid pre-administration costs (as set out in Section 7.2) be paid as an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies, for which, separate approval will be sought from the fixed charge creditors.

## Appendix 1 Statutory information

Company information	
Company and Trading name	Adam & Baka Ltd
Date of incorporation	3 November 2003
Company registration number	04951025
Trading address	N/A
Present registered office	KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA
Company Directors	Mr Ghulam Gelani Sarwar Mr Ghulam Mustafa Mr Ghulam Mujitba Mr Mohammed Ifikhar-ul-Hassan Sarwar
Company Secretary	Mr Ghulam Gelani Sarwar

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice, Business and Property Courts in Leeds Insolvency and Companies List, 107 of 2018
Appointor	QFC
Date of appointment	31 January 2018
Joint Administrators	Howard Smith and Jonny Marston
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	30 January 2019
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

## Appendix 2      Joint Administrators' receipts and payments account

Adam & Baka Ltd - in Administration		
Abstract of receipts & payments		
Statement of affairs (£)	From 31/01/2018 To 21/03/2018 (£)	From 31/01/2018 To 21/03/2018 (£)
FIXED CHARGE ASSETS		
Rent	29,667.71	29,667.71
	<u>29,667.71</u>	<u>29,667.71</u>
FIXED CHARGE COSTS		
Loan to floating account	(559.08)	(559.08)
	<u>(559.08)</u>	<u>(559.08)</u>
ASSET REALISATIONS		
Rent	500.00	500.00
	<u>500.00</u>	<u>500.00</u>
OTHER REALISATIONS		
Loan from fixed account	559.08	559.08
	<u>559.08</u>	<u>559.08</u>
COST OF REALISATIONS		
Irrecoverable VAT	(42.68)	(42.68)
Re-direction of mail	(303.00)	(303.00)
Statutory advertising	(213.40)	(213.40)
	<u>(559.08)</u>	<u>(559.08)</u>
	<b><u>29,608.63</u></b>	<b><u>29,608.63</u></b>
REPRESENTED BY		
Fixed charge current		29,108.63
Floating charge current		<u>500.00</u>
		<b><u>29,608.63</u></b>

## Appendix 3 Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
<b>Administration &amp; Planning</b>				
<b>Bankrupt/Director/Member</b>		26.00	7,385.00	284.04
<b>Cashiering</b> - processing receipts, payments and bank reconciliations	Note 1	17.40	4,998.00	287.24
<b>General</b> - books & records, fees & work in progress	Note 2	51.50	15,075.50	292.73
<b>Statutory and compliance</b> - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	Note 3	139.10	45,256.70	325.35
<b>Tax</b> - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 4	76.00	27,121.00	356.86
<b>Creditors</b>				
<b>Committees</b> - committee meetings and reports to the committee	Note 5	0.00	0.00	0.00
<b>Creditors and claims</b> - general correspondence, notification of appointment, statutory reports	Note 6	51.40	15,232.00	296.34
<b>Employees</b> - correspondence	Note 7	0.80	172.00	215.00
<b>Investigations</b>				
<b>Directors</b> - correspondence, statement of affairs, questionnaires	Note 8	92.10	25,816.50	280.31
<b>Investigations</b> - director conduct and affairs of the Company	Note 9	21.80	6,561.00	300.96
<b>Realisation of Assets</b>				
<b>Asset Realisation</b> - including insurance of assets	Note 10	131.35	48,466.50	368.99
<b>Trading</b>				
<b>Trading</b> - purchases, sales, cash projections	Note 11	0.00	0.00	0.00
<b>Total</b>		<b>607.45</b>	<b>196,084.20</b>	<b>322.80</b>

Below are further details of the work to be carried out in the administration:

**Note 1** – The Company operated a bank account with UNB. Our anticipated work will involve closing the existing accounts, opening and maintaining separate administration accounts, including regular bank reconciliations and processing transactions through the period of the administration.

**Note 2** – Time costs will include general time spent on administration matters, including collecting and handling Company books and records, monitoring work in progress and raising fee notes.

**Note 3** – The Joint Administrators will be required to comply with their statutory obligations throughout the administration. Further time will be spent reviewing, updating and maintaining the strategy during the period of administration. It is likely that regular updates will be prepared for UNB and Leo Group once the overall strategy is finalised.

**Note 4** – Tax specialists will review and compute the corporation tax positions, which includes notifying relevant parties of appointment, together with any other tax obligations. Advice will also be provided regarding the realisation of the properties in respect of corporation tax, VAT and stamp duty.

**Note 5** – Time will be spent communicating with creditors and preparing updates on the progress of the administration, including statutory reports.

**Note 6** – At this stage, it is not considered likely that a creditors' committee will be formed and, as such, no costs are anticipated in this regard.

**Note 7** – Time will be spent on initial pension reviews and searches for the Company to ensure that all statutory obligations are met.

**Note 8** – Correspondence with the directors will be maintained throughout the administration. In addition, it will be necessary to liaise with the directors in relation to the preparation of the Statement of Affairs. This work will also include reviewing the affairs of the business in the period prior to our appointment.

**Note 9** – A return on the conduct of the directors of the Company will be submitted to the Insolvency Service through the Director Conduct Reporting Service.

**Note 10** – Time will be spent on realising the Company's assets, including seeking valuations and conducting sales procedures. This will also include collecting rent due from tenants, maintaining tenant records and liaising with our agents.

**Note 11** – Whilst the Company continues to trade, the time spent in dealing with trading matters will be included in the Asset Realisation section of our fees estimate.

## Appendix 4      Joint Administrators' expenses estimate

Initial Expense Estimate	
Description	Estimated expenditure (£)
Officeholders' fees	180,000
Legal fees & disbursements	90,000
Agents' fees & disbursements	48,949
Storage costs	6,000
Insurance	25,000
Rates and utilities	15,000
Property costs e.g. repairs, locks, H&S	24,000
Contingency	50,000
Pre-administration costs	24,613
<b>Total</b>	<b>463,562</b>

## Appendix 5 Joint Administrators' charging and disbursements policy

### Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Emma Loten on 0113 3800606.

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

#### Charge-out rates (£) for: Restructuring

Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.



## Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

**Category 1 disbursements:** These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

**Category 2 disbursements:** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements during the period 31 January 2018 to 16 March 2018.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Mileage	NIL	NIL	NIL	12.60	<b>12.60</b>
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>12.60</b>	<b>12.60</b>

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 31 January 2018 to 16 March 2018

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"><li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the leases;</li><li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment;</li><li>■ issuing press releases and posting information on a dedicated web page;</li><li>■ preparing statutory receipts and payments accounts;</li><li>■ arranging bonding and complying with statutory requirements;</li></ul>
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	<ul style="list-style-type: none"> <li>■ ensuring compliance with all statutory obligations within the relevant timescales</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;</li> <li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ meetings and calls to review and update strategy and monitor progress;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions</li> </ul>
Reports to debenture holders	<ul style="list-style-type: none"> <li>■ providing written and oral updates to representatives of Leo Group and UNB regarding the progress of the administration and case strategy.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts;</li> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ reconciling post-appointment bank accounts to internal systems;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from the Company's records in relation to the taxation position of the Company;</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs;</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ reviewing the Company's duty position to ensure compliance with duty requirements;</li> <li>■ dealing with post appointment tax compliance</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>■ providing notification of our appointment;</li> <li>■ responding to enquiries from shareholders regarding the administration;</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> </ul>
Trading	<ul style="list-style-type: none"> <li>■ making direct contact with the tenants as necessary to provide additional information;</li> <li>■ instructing agents in relation to the collection of rent from tenants;</li> <li>■ ensuring ongoing provision of essential services to site</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets;</li> <li>■ liaising with agents regarding the ongoing management of the properties;</li> <li>■ dealing with issues associated with the properties;</li> <li>■ collecting information regarding outstanding debtors;</li> <li>■ liaising with the Directors and our agents regarding rent arrears</li> </ul>
Property matters	<ul style="list-style-type: none"> <li>■ reviewing the Company's freehold properties, including review of leases;</li> <li>■ communicating with tenants regarding rent, property occupation and other issues;</li> <li>■ performing land registry searches</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with;</li> <li>■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets;</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</li> <li>■ assessing the level of insurance premiums</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ conducting initial searches in respect of pensions and ensuring compliance with our duties to issue statutory notices</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ creating and updating the list of unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims</li> </ul>

Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration;</li> <li>■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies;</li> <li>■ liaising with the Directors to gather all relevant Company information</li> <li>■ arranging for the redirection of the Company's mail.</li> </ul>
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## Time costs

### SIP 9 –Time costs analysis (31/01/2018 to 16/03/2018)

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Bankrupt/Director/Member			
Notification of appointment	<b>5.00</b>	1,075.00	215.00
Cashiering			
General (Cashiering)	<b>14.10</b>	3,531.50	250.46
Reconciliations (& IPS accounting reviews)	<b>0.10</b>	29.50	295.00
General			
Books and records	<b>0.50</b>	107.50	215.00
Fees and WIP	<b>0.50</b>	65.50	131.00
Statutory and compliance			
Appointment and related formalities	<b>12.90</b>	4,898.50	379.73
Appointment documents	<b>3.00</b>	1,655.00	551.67
Bonding & Cover Schedule	<b>1.50</b>	362.50	241.67
Budgets & Estimated outcome statements	<b>2.60</b>	623.00	239.62
Pre-administration checks	<b>0.20</b>	26.20	131.00
Statutory advertising	<b>0.40</b>	170.00	425.00
Strategy documents	<b>18.20</b>	5,712.00	313.85
Tax			
Initial reviews - CT and VAT	<b>4.30</b>	2,168.00	504.19
Post appointment corporation tax	<b>6.60</b>	2,214.00	335.45
Post appointment VAT	<b>1.90</b>	663.50	349.21
<b>Creditors</b>			
Creditors and claims			
General correspondence	<b>1.80</b>	387.00	215.00
Secured creditors	<b>5.40</b>	1,697.00	314.26
Statutory reports	<b>13.70</b>	3,603.50	263.03
Employees			
Pensions reviews	<b>0.80</b>	172.00	215.00
<b>Investigation</b>			

**SIP 9 –Time costs analysis (31/01/2018 to 16/03/2018)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Directors</b>			
Correspondence with directors	<b>4.00</b>	1,325.00	331.25
D form drafting and submission	<b>1.70</b>	365.50	215.00
Directors' questionnaire / checklist	<b>2.50</b>	978.50	391.40
Statement of affairs	<b>1.60</b>	376.00	235.00
<b>Investigations</b>			
Mail redirection	<b>0.80</b>	251.00	313.75
<b>Realisation of assets</b>			
<b>Asset Realisation</b>			
Freehold property	<b>111.25</b>	37,231.00	334.66
Health & safety	<b>0.60</b>	255.00	425.00
Insurance	<b>4.70</b>	1,432.50	304.79
Leasehold property	<b>0.20</b>	59.00	295.00
Rent	<b>2.80</b>	1,190.00	425.00
<b>Total in period</b>	<b>223.65</b>	<b>72,624.70</b>	<b>324.72</b>
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	223.65	72,624.70	
Carry forward time (appointment date to SIP 9 period end date)	223.65	72,624.70	

## Appendix 6 Estimated financial position

The Directors were due to provide a Statement of the Affairs of the Company by 23 February 2018.

Four extensions have been provided to the Directors to the 21 March 2018, however no statement of affairs has been received to date.

Once received the Statement of Affairs will be filed with the Registrar of Companies. Please note that disclosure of the contents of the Statement of Affairs may be restricted with the Court's permission if it is considered that disclosure would be adverse to the interests of creditors.

As a Statement of Affairs has not been provided, details of the estimated financial position of the Company at the latest practicable date, are given below.

	Note	Book value	Estimated to realise
<b>Assets</b>			
<b>Assets subject to a fixed charge</b>			
Freehold property	1	5,725,000	Uncertain
Rent		-	35,000
Debtors	2	-	Uncertain
Less owed to UNB			(2,968,129)
<b>Surplus/shortfall to UNB</b>			Uncertain
Less owed to Leo Group			(4,400,000)
<b>Surplus/shortfall to Leo Group</b>			Uncertain
<b>Estimated</b>			
Estimated total assets for preferential creditors			-
<b>Liabilities</b>			
Preferential creditors		-	-
<b>Estimated deficiency/surplus to preferential creditors</b>			-
Estimated prescribed part of net property where applicable			-
Estimated total assets available for floating charge holders			-
Debts secured by floating charge	3		Uncertain
Estimated deficiency/surplus after floating charge			-
Estimated prescribed part of net property where applicable			-
Total assets available to unsecured creditors			-
<b>Estimated deficiency/surplus as regards non-preferential creditors</b>			-

Note 1 – As stated above, discussions are ongoing regarding the strategy for the administration and as such, valuations for the freehold properties have not yet been undertaken.

Note 2 – Debtors will comprise of arrears of rent. We are yet to receive a detailed breakdown of the amounts due from tenants, therefore this is currently uncertain.

Note 3 – To date, the Joint Administrators have not received any unsecured claims against the Company. The Joint Administrators anticipate that some unsecured claims will be received, however the quantum of these claims is currently uncertain.

## Appendix 7      Glossary

<b>Agents</b>	Revive Asset Limited
<b>Company</b>	Adam & Baka Ltd - in Administration
<b>Court</b>	High Court of Justice, Business and Property Courts in Leeds, Insolvency and Companies List
<b>HMRC</b>	HM Revenue & Customs
<b>Joint Administrators/we/our/us</b>	Howard Smith and Jonny Marston
<b>KPMG</b>	KPMG LLP
<b>Lawyers</b>	Womble Bond Dickinson (UK) LLP
<b>Leo Group</b>	Leo Group Limited
<b>Mosport</b>	Mosport Limited
<b>Secured Creditors</b>	UNB and Leo Group
<b>UNB</b>	United National Bank Limited
<b>VAT</b>	Value Added Tax

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

## Appendix 8 Notice: About this statement of proposals

This statement of proposals ('Proposals') has been prepared by Howard Smith and Jonny Marston, the Joint Administrators of Adam & Baka Ltd – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

Jonathan Charles Marston is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

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